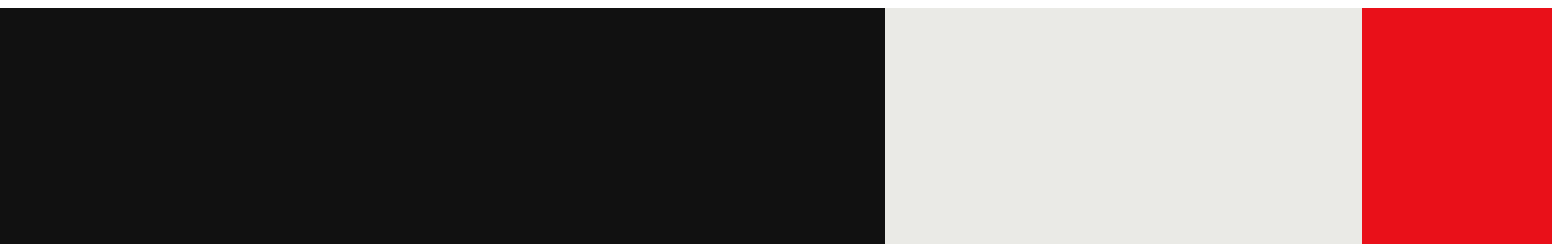


What's driving BNPL usage and payment value growth?

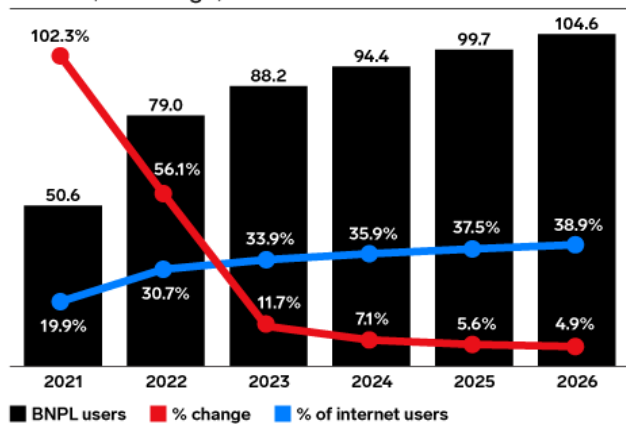
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By 2026, 38.9% of US internet users will use a BNPL solution, up from 30.7% in 2022. And the average user will spend \$1,371 via BNPL, up more than 43% from 2022.

US Buy Now, Pay Later (BNPL) Users, 2021-2026

millions, % change, and % of internet users



Note: ages 14+; internet users who have accessed a buy now, pay later account digitally and have made a payment toward a purchase at least once in the past year; includes purchases of goods and services

Source: Insider Intelligence, June 2022

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InsiderIntelligence.com

Merchant acceptance is rising across categories, both in-store and online

Merchants are increasingly offering BNPL options at checkout to reap advantages like higher conversion rates and bigger cart sizes: Almost 70% of consumers spend more when using a BNPL service than they would otherwise, per a March 2022 LendingTree survey. And the service can eliminate chargeback and fraud risks, as the consequence of nonpayment falls on the BNPL provider instead of the merchant.

BNPL is expanding into new industries

As more merchants seek checkout benefits, the range of merchant categories accepting BNPL will diversify. Already, apparel and beauty merchants' combined share of BNPL volume has dropped from 80.1% in 2019 to around 59% in 2021, per the Consumer Financial Protection Bureau (CFPB). We expect growth in categories including gas, groceries, healthcare, legal services, and travel.

In-store BNPL acceptance is growing

Offline services are a largely untapped payment value opportunity for BNPL providers: We forecast in-store commerce will make up 85.0% of **total US retail sales** in 2022, but only 7.4% of US adults used a BNPL service for an in-store purchase between July and August, per the August 2022 **Insider Intelligence Ecommerce Survey**.

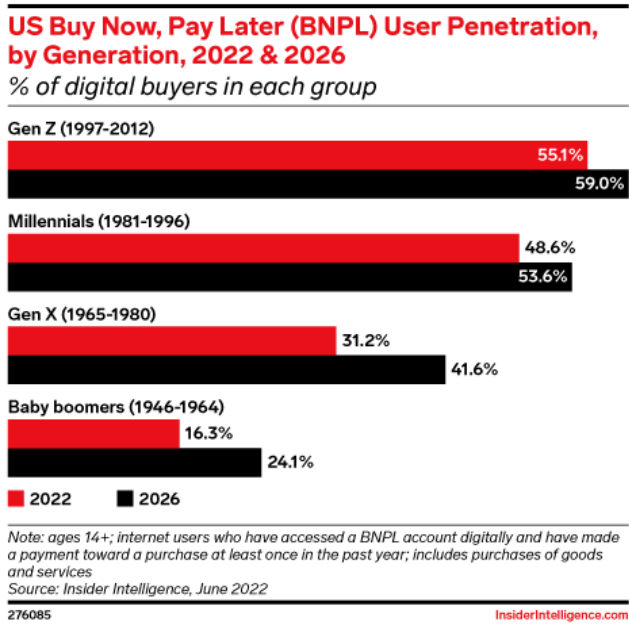
To dive further into the physical point-of-sale, more BNPL fintechs will proactively partner with in-store retailers. For example, Klarna partnered with mall operator Simon Property

Group in October 2021 to expand in-store.

Providers will also look to physical and virtual cards to enable product usage in-store. While some BNPL providers are introducing their own physical debit cards, others are turning to app-based virtual cards to help bridge the gap. In fact, Klarna, Zip, and Amount already offer virtual cards—and more BNPL fintechs will follow their lead. Further, BNPL providers can collect a portion of the interchange fees from both types of card transactions, which incentivizes them to pursue these payment options.

Consumer interest is expanding beyond younger generations

Millennials and Gen Zers will make up approximately 68% of all US BNPL users by the end of 2022, according to our forecast. But in the future, growing awareness of BNPL will draw older consumers toward the solution. And expanding merchant acceptance across new categories will bring BNPL to a wider range of purchases that appeal to all age ranges. The shift has already started: From 2018 to 2022, baby boomers’ share of the market tripled from 3.1% to 9.5%.



[Read the full report.](#)

Report by Grace Broadbent Oct 04, 2022

Spotlight: US Buy Now, Pay Later Forecast 2022

